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AMERICAN SOCIETY OF WOMEN ACCOUNTANTS

THE WOMAN C.P.A.

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ACCOUNTING FOR FARMERS AND RANCHERS

By SUE WEGENHOFT BRISCOE, C.P.A., Houston Chapter, ASWA

The farmer and the rancher have their tax problems too. There is probably less authoritative material on farm and ranch accounting and related tax procedures than in any other major field of business enterprise. This probably results from the fact that, as a whole, farmers and ranchers have no office outside their homes or cabins, and frequently their records consist of deposit slips, cancelled checks, and notes made in a little black book.

Like other taxpayers, the farmer and rancher have an election of two methods of keeping their records and preparing their income tax returns: (1) the cash receipts and disbursements methods, and (2) the accrual method.

If the cash basis is adopted, taxable income is not recognized until actually received, and expenses are not deducted until actually paid. The cash-basis farmer cannot charge off the purchase price of an animal until it either is sold or dies, and it is mandatory that he capitalize all animals purchased for draft, breeding, or dairy purposes; and depreciate them over their productive lives, with due regard to salvage value. Raised animals are treated differently from those which are purchased, with the cost charged to expense each year. Thus raised animals have a zero tax base. Taxable income may also be received in the form of property, other than cash, which has a fair market value at the date of receipt.

Although farmers have the option of reporting on the accrual basis rather than on the cash basis, adequate records must be kept before the accrual method can be used. Under this method, the farmer reports income as it is earned, whether received or not, and deducts expenses as they are incurred, even though actual payment has not been made. He computes his taxable income with the use of beginning and ending inventories, choosing one of the following four methods as a basis for costing: (1) unit livestock price, (2) farm price, (3) cost, (4) cost or market whichever is lower.

The unit livestock price method is probably the most popular. It is recognized that operating conditions existing in the livestock industry are such that actual costs are impossible to secure. Therefore, prices which reflect reasonable estimates of normal costs of production are acceptable. The raised animals are classified into different age groups. A taxpayer who determines that it costs approximately \$15.00 to produce a calf and \$10.00 a year to raise the calf could set up classifications such as: calves \$15.00; yearlings \$25.00; two-year olds \$35.00; and mature animals \$45.00.

The unit livestock price method can be used only for livestock raised on the farm, and, if used, must be applied to all animals raised, regardless of whether they are for sale, breeding, draft, or dairy purposes. If the unit price method is used, any livestock purchased must be included in inventory at cost. The exceptions are animals purchased for breeding, dairy, or draft purposes, which may be treated as depreciable assets. If the animals purchased are not mature, the cost must be increased at the end of each year in accordance with established unit prices.

The other inventory method most widely used is the farm price method. Under this method, inventories at the beginning and end of the year are valued at the market price, less selling expenses and cost of transportation. The inventory methods of cost, or cost or market, whichever is lower, are seldom used by ranchers because it is difficult to allocate cost in a livestock operation.

While the use of the cash receipts and disbursement method may result in distorted income from an accounting point of view, it may have substantial tax benefits. No tax need be paid on the value of livestock or produce on hand at the end of the year. Income may be deferred for a number of years by building up a herd, since no income is realized until the cattle are sold. In the case of breeding, dairy, or draft animals sold, only one-half of the income is taxable as long-term capital gain. If raised breeding stock is inventoried, the increase in inventory value each year is taken up in the tax return as ordinary income until the animal is grown. The inventory value at the end of the preceding year is the cost basis. The difference between this basis and the sales price of the animal is reported as the sale of a capital asset which is only 50% taxable. When income is reported on the cash basis, the basis of the raised animal is zero, and the difference between this zero basis and the sales price is reported as the sale of a capital asset.

For example, in the case of a cow which had been kept for three years: if the rancher used the unit livestock price method and valued this animal at $15.00 as a calf, $25.00 as a yearling, and $35.00 as a cow, he would have reported $35.00 as ordinary income on his tax return. If he sold the cow for $100.00, the difference between the basis of $35.00 and sales price of $100.00 would be $65.00, which would be reported as capital gain or 50% taxable, and the rancher would pay a tax on $67.50 ($35.00 inventory value and $32.50 capital gain). It the rancher used the cash basis, the animal would have a zero basis, and he would report the $100.00 as capital gain, paying tax on $50.00 or on $17.50 less than under the accrual method. On the other hand, the accrual basis has the advantage of preventing income from being pyramided in certain years.

A cash-basis rancher treats purchased breeding, dairy, or draft animals as subject to depreciation, and the cost of raising breeding, dairy, and draft animals can be deducted as a current expense. An accrual-basis rancher may either inventory all breeding, dairy, and draft animals, or treat them as depreciable assets—the latter treatment being to his advantage taxwise.

If livestock used by a taxpayer for breeding, dairy, or draft purposes has been held for twelve months or more from the date of acquisition, it will be property used in a trade or business, and gain on the sale will be treated as capital gain and loss as an ordinary loss. The present law recognizes two tests which must be met before a capital gain can be claimed on the sale of an animal: (1) the animal must have been held for twelve months or longer; (2) the animal must have been held at the time of sale either for dairy, or draft purposes or as a member of a breeding herd, or as a future member. It is extremely helpful if the producer can point to his inventory records and establish the fact that he was carrying his young animals as a part of a breeding herd.

Under the 1954 Code, the involuntary conversion provisions of the law have been enlarged to include the gain resulting from the forced conversion of livestock into money. If one collects insurance as a result of the death of the animal from disease or poisoning, and this also includes the compulsory selling of the animal because of said disease or poisoning, any gains fall under involuntary conversion. It is necessary, in order to prevent the recognition of gain under such conditions, that the amount received be reinvested in similar livestock within a specified time.

If a farmer is engaged in producing crops which take more than a year from the time of planting to the time of gathering and disposing, the income may be computed upon the crop basis, provided the consent of the Internal Revenue Service has been obtained. The entire cost of producing the crop will be taken as a deduction in the year in which the gross income from the crop is realized. Under the crop basis of accounting, each crop is treated as a venture and an account kept for each.

Farmers have the option of expensing, rather than capitalizing, expenditures made during the taxable year for soil and water conservation and for the prevention of land erosion. The Internal Revenue Code recites the following as soil and water conservation expenditures: leveling, grading, and terracing; contour furrowing; the construction, control, and protection of diversion channels, drainage ditches, earthen dams, watercourses, outlets, and ponds; eradication of brush; and the planting of windbreaks. This new provision in the Code provides that one can deduct such expenditures, in any one taxable year, in an amount not in excess of 25% of the gross income derived from farming for such year. In the event such expenditures exceed 25% of such gross income, any excess may be deducted in the succeeding years, although they will be subject again to such 25% limitation.

The optional deduction is important because the expenditures covered by the law are only those which are not otherwise deductible and which cannot be recovered through depreciation. Without the option a farmer would have to wait until he sold his property in order to regain these costs by virtue of the higher land basis. Under the provision, a farmer is able to convert ordinary income into capital gain. For

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CAPITAL GAINS & LOSSES

By CECELIA BELDEN, Los Angeles Chapter ASWA

Income taxes are imposed on the largest number of taxpayers and produce the major part of the federal revenue. It is now well recognized that the personal income tax is the most rational and scientific of all our tax instruments. Exemption rates and the definition of income can be adjusted to raise revenue and to achieve a desired burden distribution in accordance with ability to pay. The personal income tax can achieve constructive social and economic objectives better than any other tax. Income taxes thus lend themselves to the fine arts of the lobbyists and are in a continual state of revision.

A principle of the federal income tax is that the taxpayer's income from all sources should be combined and taxed by one overall rate schedule.

Each income tax law from the time of the Civil War to the present time has contained some provision for the taxation of gains from the sale of capital assets, although that term was not used in the statutes before 1921.

After the Civil War the Treasury was low and an income tax was introduced. This first income tax law, that of 1861, was very simple and short. In fact, it did not specify whether the tax was on gross or net income, nor did it enumerate any allowable deductions other than taxes. Before it went into effect, Congress met again and drafted another measure. This law of 1862 is interesting not only because it provided for the first national income tax to be levied in this country, but also because it established the office of Commissioner of Internal Revenue. During the ten years this tax was collected, members of Congress were as puzzled as the present Congress over the taxation of profits from sale of capital assets.

In 1913, forty-two years after the death of the Civil War tax, the 16th Amendment was passed and the income tax law went into effect. From March 1, 1913, to 1916, gain realized by individuals from the sale of capital assets was taxable as ordinary income, that is, at the regular normal and surtax rates. No mention was made of losses except those incurred in trade; hence capital losses were not deductible.

In 1916, the law was relaxed somewhat to allow deductions of such losses, but it restricted those of individuals to the amount of the capital gains. In the Act of 1918, capital gains of individuals were taxable in full and capital losses were deductible in full against income of any kind.

In drafting the Revenue Act of 1921, Congress was impressed not only by complaints of taxpayers to the effect that the war taxes were too high and that they retarded normal business transactions, but also by the argument of the Treasury that the government was not getting so large a yield of revenue as it would if rates were lower. Many of the larger taxpayers held their property instead of selling it at a profit because of the tax, but on the other hand they sold property to take their deductible losses.

The administration adopted the policy of tax reductions after the First World War and Congress radically changed the method of computing the tax on capital gains of individuals.

For the first time the income tax law contained specific provisions for the taxation of gains from the sale of capital assets. If the individual chose, the gain could be segregated from ordinary income and taxed at a special rate of 12½%.

In 1934, Congress adopted a schedule of percentages of gain to be included in income which decreased as the length of time the asset was held increased. This, then, was the forerunner of our present-day taxation of capital gains and losses. There is probably no tax area in which Congress has shown more uncertainty and misgivings than capital gains and losses, and they still present perennial issues of major proportions.

What are the characteristics of capital gains and losses that cause so much trouble?

1. Realized capital gains and losses do not have any set periodicity. They accrue over many years. Therefore when capital gains are realized in a given year, they have a tendency to place the taxpayer in a higher bracket and his gains are taxed at much higher rates than if they had been realized regularly over the years.

2. Capital gains and losses are not regularly recurrent as other forms of income. Substantial capital gains may be realized on very few occasions in a taxpayer's lifetime; yet when they are realized, they are

taxed more heavily than would be the case if they were realized regularly over the years.

3. With most recipients of substantial capital gains, the capital-gain income represents something over and above the basic income and therefore seldom affects the standard of living of the recipient.

4. Capital gains and losses can be taken when most advantageous to the taxpayer.

5. Capital gains have a tendency to be concentrated in the upper income groups.

Now that we know the characteristics of capital gains and losses, let us discuss the source from which the gain or loss is derived. The gain or loss is derived from the sale of a capital asset.

In general, a capital asset is any asset or property held for the further production of wealth or as a source of income. The capital gain arises from the sale of the asset itself at a price higher than that for which it was obtained. However, as applied to capital gains and losses, the sale of assets is unusual and not regularly recurrent. In the case of a company which manufactures and sells shoes, any gain from the sale of shoes is ordinary income because shoes are its stock in trade and the income therefrom is recurring income.

The common types of capital assets are stocks and bonds. The sale of these assets accounts for well over 80% of the capital gains reported in an average year. An investment broker cannot claim capital gains or losses from such sales because stocks and bonds are his business and the source of his recurring income. Other taxpayers who sell stocks or bonds can claim a capital gain or loss because this income is not recurring.

A dealer in realty cannot claim capital gains and losses on the sale of realty because this is his stock in trade or property held primarily for sale to customers in the ordinary course of business. The realty held by the dealer is comparable to the inventory of the shoe manufacturer. A personal residence can be sold and the taxpayer can claim capital gain. Unfortunately, loss from the sale of a personal residence is not an allowable deduction. The tax on capital gains from the sale of a personal residence will be deferred if the taxpayer sells his old house within one year before or after the purchase and use of a newly purchased one. In a case where the taxpayer constructs a new residence, the new house must be occupied within eighteen months after the sale. To the extent that the selling price of the old house exceeds the cost of the newly-purchased one, the taxable gain is taxable immediately.

Property subject to depreciation allowances, used in the taxpayer's trade or business, is excluded from the definition of capital assets but is subject to a special provision in the law which allows such property to be treated as capital assets under certain conditions. This is really a relief provision inasmuch as it allows taxpayers to deduct a net loss from the sale of machinery or other depreciable equipment as an ordinary loss. Net gains from sale of depreciable property are taxable as long-term capital gains if the property is held over six months.

Property eligible for copywrite protection held by a taxpayer whose personal efforts created the asset, such as a radio program, theatrical production, or comic strip, is excluded from the definition of capital assets and the sale of such property is not subject to the capital gain and loss tax treatment.

Accounts receivable are excluded as well as certain Federal, state and municipal obligations issued on or after March 1, 1941.

Profit or loss from the sale of capital assets held for not more than six months is assumed to be speculative and is designated as short-term capital gain or loss. Short-term gains and losses are reported on the capital gain schedule at their full amount—100% of gain or loss. However, short-term losses must be offset against short-term gains.

Profit or loss from the sale of capital assets held for more than six months is assumed to be from investments and is designated as long-term capital gain or loss. Long-term gains and losses are reported on the capital gain schedule at 50% of the gain or loss. Again, the long-term losses may be offset against the gains. The net short-term gains or losses are then combined with the net long-term gains or losses to produce the final net gain or loss.

If there are net long-term capital gains, they cannot be taxed at more than 50% of one-half of the net long-term gain—or in effect, not more than 25% of the full long-term gain. This procedure minimizes the injustice of applying high-bracket rates to gains which have accrued over long periods of time. This tax treatment is also calculated to reduce the tendency of wealthy taxpayers to retain investments which have increased in value.

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AWSCPA—TWENTY-FIVE YEARS OF PROGRESS

By LEE ELLA COSTELLO, CPA—1957-1958 President

It is fair and just to the founders of the American Woman's Society of Certified Public Accountants and to other members of this Society who worked diligently for the early success of the organization, to look back briefly over the past twenty-five years rather than just to recount the things that have been accomplished during the past twelve months.

January, 1933 was perhaps one of the hardest periods of the great depression, and in many parts of the country "a lady accountant" was just a dreamer, and a woman CPA was unheard of. Yet, there were actually more than a hundred women CPAs in the country, and nine of them had the courage and foresight to organize the American Woman's Society of Certified Public Accountants. When I think of Anna Grace Francis, Grace Schwartz Keats, Mary Gildea, Anna Lord, Adriana Van Kooy, Ruth Waschau, Georgia Davis, Josephine Kroll and Clara Stahl, I think of the adjectives "brave," "steadfast" and "unselfish," because I know it was with no thought of gain for themselves they gave our Society its start, but I know they were inspired to take a daring step in the interest of other women accountants. I am also most grateful to the women who came into AWSCPA during its early years, because, if our founders launched the project, those who joined the Society in its infancy set the course.

Time has proven that our founders and early leaders were not wrong in their prognostication. It has not been without a struggle, but women have "arrived" in the accounting profession. We cannot relax, of course, because ours is an exacting profession and we must measure up to every standard, asking for no consideration because we are women.

No, it was not without a struggle. Most of us remember incidents when somebody was surprised, even amazed, to find a woman handling a difficult audit or tax case. I remember about twelve years ago an attorney reminded me that I should not affix "Certified Public Accountant" after my signature, because, to be able to do that, one had to pass a very, very difficult examination. The attorney was astounded to learn that I had passed that very difficult examination.

We as women CPAs know that the manpower shortage of the 1940s brought us opportunity to some extent. We worked on the home front and released men for other duties. However, had we not measured up to the expectations of American industry, we would not be accepted today as we are. We must forget the old unwelcome with which we were greeted and greet the welcome that is now ours.

The women CPAs of the country have recognized all along that it takes a lot of encouragement for anybody to be induced to make the sacrifice and put forth the effort to become a CPA. As a means of providing the encouragement needed by other women, twenty years ago, the American Society of Women Accountants was organized. The success of ASWA is self-evident. There are many women working now as certified public accountants who gained their inspiration from ASWA. We in AWSCPA think that ASWA has been our most important project and our greatest contribution as an organization to the profession of accountancy. Not only do the women accountants of America owe a great debt of gratitude to Ida Broo for the idea of ASWA, but it is my personal opinion that somewhere in the subconsciousness of certified public accountants everywhere there lies a "thank you" for ASWA.

The American Society of Women Accountants is celebrating its twentieth anniversary as AWSCPA celebrates its twenty-fifth. Thoughout the years, ethics—professional behavior—have been stressed. Our two Societies have not seen the necessity to formulate a formal code of ethics, because we have endorsed the rules of professional conduct as set out by the American Institute of Certified Public Accountants. I am very proud to state that our problems of professional discipline have been so few as not to deserve mention.

Our twenty-five years of progress have seen many changes in the American scene. We as CPAs have had to learn by hard

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AWSCPA Officers 1958–59

MARY J. McCANN, C.P.A.
KANSAS CITY, MISSOURI
President

Miss McCann has served AWSCPA as First and Second Vice President, Secretary, Treasurer and Director. After receiving her B. S. degree from the University of Kansas, she became the first woman to acquire a certificate in this State.

She helped organize the Kansas City Chapter of ASWA and served as its president. She is on the staff of Touche, Niven, Bailey & Smart, and holds membership in the American Institute, Kansas and Missouri Societies of Certified Public Accountants, American Accounting Association and in Beta Gamma Sigma.

The President's Message

Celebrating the twenty-fifth anniversary of the American Woman's Society of Certified Public Accountants has created in all of us a keen awareness of what has been accomplished for all women in the accounting profession during this quarter century. The tremendous progress made toward achieving the goals of our Society is the result of the vision and efforts of many fine women to whom much honor is due.

One of the best indications of the achievements of these twenty-five years is the growth of our membership from nine members in 1933 to 425 members in this year.

I urge all members of AWSCPA to take an individual interest in fulfilling the objectives of our Society by participation in the Society's program, by membership in their local chapter of the American Society of Women Accountants or by organization of a chapter, if none exists locally, and by active membership in technical accounting organizations, particularly the American Institute of Certified Public Accountants, American Accounting Association and the state societies.

On behalf of the 1958-1959 officers and directors, I wish to express our appreciation of the confidence you have placed in us by electing us to administer the Society's affairs during this year. We pledge ourselves to devote such ability and energy as we possess to further the progress of the Society.

MARY F. HUNTER, C.P.A.
CHICAGO, ILLINOIS
Secretary

Miss Hunter has served as Director and Education Chairman of AWSCPA and as President of the Chicago Chapter of ASWA. Having received an MBA degree from the University of Michigan and a BA degree from Mary Manse College, she obtained an Illinois certificate.

Miss Hunter is employed in the Tax Department of Arthur Young & Company, Chicago, and her affiliations include membership in the American Institute and Illinois Society of Certified Public Accountants and American Accounting Association. She formerly was assistant professor of accounting at the University of Toledo and during World War II served for 3½ years as a WAC officer, leaving the service with the rank of captain.

KATHERINE E. PFEIFER, C.P.A.
CLEVELAND, OHIO
First Vice President

Miss Pfeifer has served AWSCPA as Secretary, Director and Chairman of its Legislative Committee. She attended Spencerian Business College and Fenn College. She obtained an Ohio certificate in 1946.

A charter member of Cleveland Chapter ASWA, she has served the chapter in many offices including that of President, and is employed on the staff of Lybrand, Ross Bros. and Montgomery. Her affiliations include membership in the American Institute and Ohio Society of Certified Public Accountants.

GERTRUDE HINDELANG, C.P.A.
DETROIT, MICHIGAN
Second Vice President

Miss Hindelang has served as Treasurer, Director and Award Chairman of AWSCPA and as President of the Detroit Chapter of ASWA. She holds a BBA degree from the University of Detroit and a Michigan certificate.

She is employed as a manager in the Detroit office of Arthur Young & Company and her affiliations include membership in the American Institute and Michigan Association of Certified Public Accountants, National Association of Accountants and is currently holding the office of Vice-President of the Detroit Club of Zonta International.

WINIFRED D. OWENS, C.P.A.
WASHINGTON, D. C.
Treasurer

Mrs. Henry S. Owens has served AWSCPA as Director and Chairman of the Legislative Committee, and ASWA as Chairman of the Ethics Committee. She holds a BCS degree from Southeastern University, Washington, D. C., an MCS degree from Benjamin Franklin University and a District of Columbia Certificate.

She and her husband are partners in the firm of Henry S. Owens and Company. Among her affiliations are included membership in the American and District of Columbia Institutes of Certified Public Accountants, National Federation of Business and Professional Women's Clubs and General Federation of Women's Clubs.

TAX NEWS

By LOUISE A. SALLMANN, C.P.A., Oakland, California

The most important "Tax News" of 1958 will be the Mills Bill when, if ever, it is ground out of the Congressional mill. Recent word is that it is currently in the Senate Finance Committee and should have been fully processed the early part of June. As of this date, June 30, no definite action has been taken. A report on this bill should be deferred until such time as it has been signed by the President.

Another very important tax bill in process is the "Small Business Tax Adjustment Bill of 1958", S.2194. Some of the important features of this bill are the inclusion of a reinvestment allowance to permit small concerns to retain earnings for growth and expansion, a retirement program for all taxpayers, and a provision for installment payment of estate taxes. The "reinvestment allowance" would permit a deduction for 50% of the first $10,000, 30% of the second $10,000, and 20% of the third $10,000 which is reinvested in depreciable property or inventory. The allowance would be limited to a maximum of $10,000. The retirement program would allow an exclusion from gross income for deposits for retirement which would be limited annually to 10% of the taxpayer's net income or $1,000 whichever is less.

Other proposals encompassed by S.3194 are a rapid method of depreciation on assets acquired used, an election by unanimous agreement of corporation stockholders to be taxed as partnerships, and an increased minimum accumulated earnings credit for purposes of the tax on improper accumulation of surplus.

The Douglas Bill (S.2888) also in process at this time would apply to practically all employee pension, profit-sharing and welfare plans. Fines and imprisonment would follow conviction for failure to comply. Some of the highlights of the requirements of this bill are: (1) Registering the names and addresses of those in charge of managing the plan, their relationship to the employer or unions, etc. (2) Reporting payments, distributions, receipts, disbursements, assets, liabilities, etc. (certified by a CPA) and details on insurance and investments. (3) Disclosure of registration or report material via public inspection at the Department of Labor with copies available at principal offices of the plan for beneficiaries to examine. They could also get summaries on request. (4) Administration by Secretary of Labor who could investigate, subpoena, regulate, etc.; he could exempt plans covering less than 100 employees from items (1) and (2). (5) Effective term would be four years from date of enactment with recommendations or continuation, etc. made before 1961 by the Secretary of Labor.

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example, a farmer averages $20,000.00 annual gross income from farming. He buys a piece of farm land in need of development and uses it in connection with his farm operations. At the same time, he spends $5,000.00 in leveling and grading the property, and sells it in the following year. The $5,000.00 spent on leveling and grading is fully deductible from ordinary income, but the $5,000.00 or more gain he would realize on the sale of the property would be taxable only at capital gains rates.

If a farm is operated at a profit, the income will be taxed regardless of whether it is run as a hobby or as a business. If the farm shows a loss the loss is deductible from the taxpayers other income in the current year or other years only if the farm is operated on a commercial basis and not as a hobby. If the farm is operated as a hobby and the expenses exceed the receipts, the receipts are ignored and the expenses disallowed. The fact that repeated losses are sustained does not necessarily mean that the farm is a hobby, if the taxpayer has hopes of placing the farm on a paying basis. It is the expectation of gain, not the realization of gain, which is a determining factor. A special rule limits the loss deduction of farms which have losses in excess of $50,000.00 for five consecutive years. If a farm has lost this sum for the required number of years, the special limitation will apply even though the farm is carried on as a business.

IDEA EXCHANGE

By LUCILLE PERELMAN, C.P.A., Charleston, West Virginia

CONSTRUCTION IN PROGRESS SUB-LEDGERS

To facilitate verification of the construction records of an organization in the process of remodeling or building a a new installation, maintain a detailed Construction in Progress Sub-ledger. When approval for the construction or remodeling has been given by the proper authority, the following information should be secured:

(a) What is to be remodeled or constructed?

(b) Where is the construction to take place?

(c) What is estimated total cost of construction?

(d) What is the estimated cost of each department?

(e) What are the major pieces of equipment to be purchased and what are their approximate cost?

(f) What is the approximate date of completion?

Proceed, then, as follows:

(a) Set up a budget based upon the total cost of construction by departments from estimates and plans furnished by the Engineering Department.

(b) Initiate a Chart of Accounts for the Construction in Progress Sub-Ledger giving a copy to the Purchasing Agent, the Receiving Department (at the construction site), the Accounting Department and the Controller. The Chart of Accounts should be classified by departments with each department assigned a series of numbers and each piece of equipment assigned a sub-account number. For example, if the Drying Department were assigned Numbers 100 through 199, the kiln would be assigned Number 105; if the Mixing Department were assigned Numbers 200 through 299, the acid mixer would be numbered 210 with any expenses incurred in installing or improving the acid mixer charged to Number 210.

(c) Contain in the Construction in Progress Sub-ledger the name of each department, the piece of equipment or phase of work for that department and sub-account number corresponding to the Chart of Accounts. Entries are classified as to material, labor and overhead.

(c) Items received at the construction site are compared with items ordered and a code number (taken from the Chart of Accounts) is posted to the receiving ticket which is forwarded to the Accounting Department. After comparing the receiving ticket to the customer's invoice, the code number on the receiving ticket, the purchase order and the copy of the invoice are matched. The Accounting Department's copy of the purchase order is then filed by code number; the invoice is processed for payment and filed alphabetically by vendor's name with the receiving ticket. Any activity pertaining to the construction has been recorded in the Construction in Progress control account of the general ledger as the detailed postings have been made in the sub-ledger. The control account, of course, keeps management informed as to the entire amount spent on construction at any given time whereas the sub-ledger stipulates the amount spent on material, labor and overhead by departments.

(d) Upon completion of the construction project, transfer the totals of the Construction in Progress Sub-ledger to the fixed asset accounts in the General Ledger and the summarized details to the Plant and Equipment Sub-ledger. The detailed Construction in Progress Sub-ledger is maintained as a permanent file together with the corresponding accounts payable, paid bills and purchase order files.

The permanent files assist not only the company's auditors and the Internal Revenue Service, but they also serve management in planning future expansion.

Freda V. Meyerhoffer, Baltimore

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AMERICAN SOCIETY OF WOMEN ACCOUNTANTS
affiliated with
AMERICAN WOMAN'S SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
June 30, 1958

In accordance with Article X, Section 1 of the Bylaws of the American Society of Women Accountants, notice is hereby provided that the 18th annual meeting of the American Society of Women Accountants will be held in conjunction with that of the American Woman's Society of Certified Public Accountants at the Hotel Statler in Detroit, Michigan, October 8-11, 1958.

The regular annual business meeting of the American Society of Women Accountants will be called in two sections: the opening session is scheduled for 9:00 a.m. Friday, October 10, 1958, and the closing session at 2:30 p.m. the same day.

MARY F. HALL
National Secretary, ASWA, 1957-58
1610 Kenwood Avenue
Alexandria, Virginia

PERMANENT WORK PAPER FILE

When performing a first audit, draw a map of the property under lease as property leases are inspected and scheduled for your permanent work paper file. The map need not be to scale, but a rough sketch indicating direction, street name and number, and the use of the property, such as, main office, storage, or service area. The various properties should be keyed in to the lease schedule by number or letter. The map is then available for quick reference and can be marked from year to year to indicate any changes.

Virginia M. O'Hern, Los Angeles

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work and by additional study how to audit records kept by machine, to find out what electronic accounting is and how to work with it, to cope with constantly changing tax laws, to adjust our theories of cost to a new economy and to keep our minds alert to every new concept of accounting theory. The past twenty-five years can be described as a period of industrial revolution and as a period when industry and business have come awake to the vital role the accountant must play if any venture for profit can be successful.

During this period of phenominal economic growth and industrial change, the American Woman's Society of Certified Public Acountants has kept abreast of the times. By the example set by the women who blazed the trail, all of us have kept the faith. Our by-laws state: "The object for which this organization is formed is to advance the professional interest of women certified public accountants." The professional interest of women certified public accountants includes the proposition that we shall be ethical, industrious, modest yet outspoken, up-to-the-minute in accounting knowledge, endowed with initiative, inspired to leadership and imbued with a sense of justice and fair play.

AWSCPA provides the inspiration that every woman CPA needs to be the professional person she aspires to be. We are proud of AWSCPA, and I can report that other organizations are proud of AWSCPA too. It has been my privilege to attend various meetings this year where our Society has been praised as one of the pioneering ventures of a young profession, and it is to us that accountancy looks today in large part for the personnel needed for the job ahead.

We have published a brochure this year, in co-operation with the American Society of Women Accountants, setting forth a brief professional history of our past leaders who have served in the office of president of both Societies. We are distributing more than 12,000 copies under our own auspices, and I am glad to report that the American Institute of Certified Public Accountants will assist in the distribution of this publication to young women all over the country who inquire about accounting as a life work.

Therefore, while I believe we have "arrived", I do not believe we have yet achieved the dreams of our founders. It will take more than twenty-five years to do that, but I have every confidence in the aims and ideals of the American Woman's Society of Certified Public Accountants which envision for women CPAs the highest aspirations of our young and growing profession.

TIPS FOR BUSY READERS

By CATHERINE E. MILES, Ph.D., Atlanta, Georgia

Essentials of Accounting, William A. Paton and Robert L. Dixon, The Macmillian Company, New York, 1958, 800 pp.

The book deals with the basic concepts of accounting. It may be of interest to note some of the terminology used therein, such as the Position Statement in lieu of the Balance Sheet. The book not only deals with the ordinary items considered in basic accounting but also with such segments of accounting as:

(1) Branch accounting and consignments.
(2) Consolidated Statements.
(3) Funds Statement.
(4) Effects of changing price levels.

Modern Business Law, A. Lincoln Lavine, Prentice-Hall, Inc., Englewood Cliffs, N. J., 1958, $7.50.

If you are a little "hazy" on some segments of business law, you may find this book just what you need. The book shows how the legal principles of business law operate today in actual business experiences and how legal pitfalls may be avoided. If you do not have a modern business law book on your shelf, then investigate this one with the idea of keeping and using it.

Current Practice in Accounting for Depreciation, N. A. A. Research Report, Research Series No. 33, National Association of Accountants, New York, April 1, 1958, 36 pp.

The publication is the result of a study undertaken to ascertain the trends of both thinking and practice regarding depreciation and to re-examine established depreciation accounting practices in the light of present day conditions. The study deals heavily with the determination of depreciation costs for income tax purposes and with depreciation practices and policies for financial management considerations.

15 Major Current Tax Problems Analyzed, The Texas Society of Certified Public Accountants, The Journal of Taxation, Inc., New York, 1957, 260 pp., $4.95.

The book is the complete text of papers presented at the Fourth Annual Tax Institute held by the Texas Society of Certified Public Accountants and the University of Houston. Each of the papers is devoted to a current tax problem. Each person contributing to this book is an outstanding lawyer or accountant currently practicing in tax work.

IDEA EXCHANGE

(Continued from page 11)

A NEW FIELD FOR WOMEN ACCOUNTANTS

Not too many years ago the field of education offered the only business opportunity for women. Although that is far from true today, again we find in that area an unusual opportunity for women qualified in accounting—the lucrative field of business managers of schools.

In the past many school superintendents or principals managed the financial affairs of the school with the help of a few clerks and bookkeepers. But with the unified school district, and uniform records audited by the city, county and state authorities, suddenly education is big business! The large unified school districts are finding a need for business managers who will handle all financial records, the purchasing of supplies, school cafeteria funds, and other financial activities. The business managers, also, may organize the budget and help management (the superintendent and the school board) to live within its budget.

From what better source can a business manager come than from women trained in accountancy? As women have pioneered education from the very beginning of public education, they fit naturally into this niche. The school systems look for mature persons with a good educational background—many women accountants started business careers as teachers.

It is a new field. It is a promising one for civic-minded women with the required qualifications.

Daisy Lamberti, San Diego

18th Annual Joint Meeting of AWSCPA and ASWA
October 8-11, 1958

Place: Statler-Hilton Hotel; Detroit, Michigan

Theme: THE ACCOUNTANT AND HER PROFESSION

Schedule:

- Wednesday, October 8.
  - Pre-convention tours
- Thursday, October 9.
  - Morning: Registration; Joint Annual Business Meeting; Workshops.
  - Luncheon: Chapter Presidents.
  - Afternoon: AWSCPA Annual Business Meeting; Workshops.
  - Evening: Anniversary Dinner honoring the Founders of both Societies.
- Friday, October 10.
  - Morning: ASWA Annual Business Meeting.
  - Luncheon: Technical Program.
  - Afternoon: ASWA Annual Business Meeting.
  - Evening: AWSCPA Annual Dinner; Workshops.
- Saturday, October 11.
  - Morning: Technical Session.
  - Luncheon: AWSCPA Board Meeting; ASWA Board Meeting; Editorial Board The Woman C.P.A.
  - Evening: Reception; Banquet.

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The practical result of this treatment of long and short-term capital gains is to increase the tax on gains from property held not more than six months and to reduce the tax on assets held longer than six months.

If there are final net capital losses, they are deductible up to $1,000 per year against "other income". Any balance of capital loss over $1,000 may be carried forward for five years to be deducted from future net capital gains and up to $1,000 per year from future "other income".

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